UNITED NATIONS

General Assembly

FIFTY-FIRST SESSION

Official Records

SECOND COMMITTEE
29th meeting
held on
Thursday, 7 November 1996
at 10 a.m.
New York

SUMMARY RECORD OF THE 29th MEETING

Chairman: Mr. HAMBURGER (Netherlands)

CONTENTS

AGENDA ITEM 94: MACROECONOMIC POLICY QUESTIONS

(c) TRADE AND DEVELOPMENT

(d) COMMODITIES

This record is subject to correction. Corrections should be sent under the signature of a member of the delegation concerned *within one week of the date of the publication* to the Chief of the Official Records Editing Section, room DC2-794, 2 United Nations Plaza, and incorporated in a copy of the record.

Corrections will be issued after the end of the session, in a separate corrigendum for each Committee.

Distr. GENERAL
A/C.2/51/SR.29
12 September 1997
ENGLISH
ORIGINAL: FRENCH

96-81905 (E)

The meeting was called to order at 10.05 a.m.

AGENDA ITEM 94: MACROECONOMIC POLICY QUESTIONS (A/51/87, A/51/208-S/1996/543)

(c) TRADE AND DEVELOPMENT (A/51/15 (Vol. I and II), A/51/15 (Vol. I), A/51/331, A/51/255, A/51/288, A/51/308, A/51/152 and Add.1, A/51/211-S/1996/551, A/51/394, A/C.2/51/4)

(d) COMMODITIES

1. Mr. SINYINZA (President, Trade and Development Board) described the highlights of the forty-third session of the Trade and Development Board, held in Geneva in October 1996. It had been the first session of the Board since the ninth session of the United Nations Conference on Trade and Development (UNCTAD IX) held in Midrand (South Africa). The participants at UNCTAD IX had been concerned with refocusing and reinvigorating international cooperation for development through a policy of change which had led to a streamlining of the UNCTAD intergovernmental machinery and an improvement in the working methods of the UNCTAD secretariat.

2. As a result, the Board had changed its method of work. Particularly noteworthy in that respect was the high-level debate presided over by the President of UNCTAD IX, the Minister for Trade and Industry of South Africa, on the subject of trade and development in a globalizing world economy. The discussion had focused mainly on the promotion of investment and the need for a multilateral investment agreement. The President had stressed that, on the eve of the World Trade Organization (WTO) Ministerial Meeting at Singapore, it should be borne in mind that the implementation of agreements was as important as their signing. The parties must therefore engage in dialogue on ways of implementing the agreements concluded. UNCTAD, in cooperation with other multilateral organizations, must analyse the problems of implementation of agreements.

3. At its forty-third session, the Board had also considered interdependence and global economic issues, development strategies, and lessons to be drawn from the East Asian development experience. In that connection, the Secretary-General of UNCTAD had been asked to formulate lessons which might be useful for African countries.

4. In the context of the follow-up to the Programme of Action for the Least Developed Countries for the 1990s, the Board had tried to help those countries maximize their potential opportunities and minimize possible risks arising from the Uruguay Round agreements. The debate had been concerned with external trade and debt of the least developed countries. The Board had requested the Secretary-General of UNCTAD to formulate country programmes to help the least developed countries increase their capacity to export goods and services.

5. The Board had reviewed progress made in the implementation of the United Nations New Agenda for the Development of Africa in the 1990s and had considered the contribution made by UNCTAD to the United Nations System-wide Special Initiative on Africa. It had held a panel meeting on the African situation,

with the participation of ministers. The Board had noted the constitutional, political and economic reforms undertaken by many African countries with a view to securing sound macro-economic policies, facilitating the investment of foreign capital, mobilizing their human resources and developing their production and exports. It had invited donors to make extra-budgetary contributions to UNCTAD so that UNCTAD could carry out its activities in Africa and launch the required technical assistance programmes.

6. The Board had also considered the question of financing the participation of experts from developing countries at UNCTAD meetings. It had decided to request the Secretary-General of UNCTAD to establish a trust fund for that purpose, after consultations with member States, and to finalize the strategy and plan for technical cooperation before the end of 1996.

7. The mission of UNCTAD was to promote economic and social progress in order to help the poorest of the poor. It had undergone a tremendous change and had become a model of change in the United Nations system. It now needed a period of stability to be able to prepare for UNCTAD X and implement the Midrand recommendations.

8. Mr. RICUPERO (Secretary-General of the United Nations Conference on Trade and Development (UNCTAD)) said that it had had to be demonstrated that UNCTAD should not disappear and that it could play an active role to promote development. Three major steps had been necessary: to redefine the mandate of UNCTAD, restructure its intergovernmental machinery and improve the efficiency of the secretariat. UNCTAD IX had strengthened the mandate of the organization. The number of bodies had been reduced: there were now only three commissions, instead of more than ten, and the number of meeting days had been reduced by half, which had saved several million dollars. The secretariat structure had been changed without affecting the preparation of the World Investment Report, along with various publications and the Trade and Development Report, which was concerned with the possibility of applying the Asian model to other developing countries. Lastly, UNCTAD had established close collaboration with WTO and the United Nations Industrial Development Organization (UNIDO), in particular. All the decisions taken at UNCTAD IX had been swiftly implemented. UNCTAD should now concentrate on doing high quality work.

9. Preparations were currently under way for the Ministerial Conference of the World Trade Organization (WTO), to be held in Singapore. The Conference should seek to fulfil the threefold objectives of consolidation, balance and progress, with the emphasis on balance. The initiatives adopted should include measures to assist those countries that were not in a position to compete in the world trading system. As for the consolidation and implementation of the results of the Uruguay Round of negotiations, a number of issues were still pending: tariff escalation and tariff peaks, less-than-average tariff reductions for many export products from developing countries, exorbitant tariffs on certain agricultural products, and frequent resort to the transitional safeguard mechanism provided for in the Agreement on Textiles and Clothing. In addition, a number of issues from the Tokyo Round of negotiations had still not been settled. The credibility of future efforts at liberalization would depend on the successful implementation of the results of the Uruguay Round and on the recognition that not all countries were in a position to compete equally in the

world trading system. The Marrakesh Agreements provided for the possibility of renegotiating certain provisions which were of crucial importance to developing countries. In accordance with its mandate, UNCTAD was beginning to analyse the implications for development of the establishment of a multilateral framework for investment. It had recently organized a meeting on that subject with representatives of Governments, multinational corporations, universities and civil society in general. The proposals to include such issues in the trade agenda had arisen from a perception that the differences in regulatory regimes created unfair advantages in competition and investment. The question that arose therefore was what was the logical and legitimate frontier of the multilateral trading system and to what extent did future trade liberalization need to involve a further extension of multilateral trade disciplines into new policy areas. It was important for any such extension to be a conscious decision of the international community taken with an emphasis on the need for balanced and equitable approaches to enable developing countries and countries with economies in transition to attract increased investment for the productive sector.

10. It was now necessary to focus on what the role of UNCTAD should be at the dawn of the twenty-first century. The international community needed to focus on the successes achieved, the failures, and the lessons to be learnt. Only thus could UNCTAD renew its vision of development and adopt a more pragmatic approach. Given the trend toward globalization and trade liberalization, issues such as the role of the State, trade and industrial policies, the role of the market and that of exports in the economic growth of developing countries, must be reviewed.

11. Globalization as a phenomenon was a reality with which the international community must come to terms, but the form that it would take was by no means pre-determined. It was for all concerned to make strategic choices about the direction in which the international community wished to go. The problem of competitiveness was at the heart of the process. The rules must therefore be laid down and the arbitrators chosen. It was that which would determine the evolution of globalization. People hungered for hope, stability and tangible signs of progress in their lives. The challenge to the United Nations, Governments and UNCTAD was to give them grounds for hope.

12. Ms. DENGO (Costa Rica), speaking on behalf of the Group of 77 and China, said that the United Nations Conference on Trade and Development (UNCTAD) should be strengthened by providing it with the political and financial support to enable it to fully comply with its mandate and to pursue the reforms which it had begun.

13. UNCTAD must analyse the implications for development of the possible establishment of a multilateral framework for investment, continue its activities on behalf of small island developing States and other vulnerable economies, facilitate the integration of developing countries into the international trading system, and promote development through trade and investment. Globalization and trade liberalization brought challenges and opportunities which affected virtually all countries. International cooperation and partnerships were therefore necessary to enable developing countries to effectively benefit from that process, which should be managed on the basis of

principles of non-discrimination, fair competition and preferential treatment for developing countries.

14. The analysis contained in the Trade and Development Report, 1966 and the World Investment Report, 1966 contributed to the identification of problems and the search for solutions. Preference-giving countries should continue to improve and renew their generalized system of preferences (GSP) with the objective of integrating developing countries, particularly the least developed among them, into the international trading system, without linking eligibility to non-trade considerations.

15. The Group of 77 and China attached special importance to strengthening the international trading system and appreciated the measures which had been taken to facilitate access to WTO. They also looked forward to the Ministerial Conference of WTO, which was due to be held shortly in Singapore.

16. The review of the implementation of the Uruguay Round Agreements should take into account the problems and the situation of developing countries. The dispute-settlement mechanism was a key element in the credibility of the multilateral trading system and any attempt to undermine multilaterally agreed procedures on the conduct of international trade relations should be deplored. The Group of 77 and China were also concerned by the limited progress made so far in the implementation of the Paris Programme of Action, despite the economic and political reforms carried out by the least developed and the small island developing countries.

17. Costa Rica proposed to host a South-South conference on finance, trade and investment aimed at accelerating the pace of economic and financial cooperation among developing countries. The conference would accelerate the implementation of the Caracas Programme of Action. In addition, a plan of action could be drawn up that would enable Governments of developing countries, the private sector and civil society to respond to the challenges and opportunities presented by globalization and economic liberalization.

18. She wished to stress, finally, that for most developing countries the commodity sector continued to be the main source of export revenues, employment, income and savings. It was therefore vitally necessary to be more supportive of the commodity markets, stabilize prices, provide support for ongoing commodity diversification programmes in developing countries, and find new market opportunities for processed and semi-processed commodities. In that connection, the Group of 77 and China welcomed the Midrand Declaration and the technical cooperation activities of organizations, such as UNCTAD, WTO and the Food and Agriculture Organization of the United Nations (FAO).

19. Mr. CUNNANE (European Commission), speaking on behalf of the European Union, said that the European Union had long played a leading role in efforts to assist developing countries, especially in the areas of trade with, and provision of official development assistance (ODA) to, the least developed countries. The mid-term review of the fourth Lomé Convention had been a significant event. The African, Caribbean and Pacific countries that were parties to that Convention would continue to benefit from preferential access to the European market. The European Union had recently expanded its cooperation

with various other developing countries of the Mediterranean region, Latin America and Asia. The European Union's new generalized system of preferences made special provision for the least developed countries of Asia, allowing for the total exemption of customs duties for industrial products and for a wider range of agricultural products.

20. The European Union welcomed the outcome of the ninth session of UNCTAD and was strongly committed to the implementation of its recommendations. The reform of UNCTAD would enable it to respond better to the needs of developing countries and to improve the effectiveness of its work.

21. The Midrand Declaration clearly defined the Conference's work programme and had placed emphasis on certain reforms of particular relevance: greater priority for the least developed countries; more specific focus on trade, investment and private-sector development; clearer division of responsibilities between UNCTAD and WTO; strengthening of the role of UNCTAD in technical assistance to developing countries; and greater involvement of civil society and the private sector in the Conference's work.

22. The text on commodities issues confirmed the tendency towards a more market-oriented approach with emphasis on diversification and risk management. The text stressed the need for more efficient commodity-marketing systems and recognized the importance of the services sector for developing countries and of assistance to those countries in their efforts to strengthen their capacities to benefit from trade liberalization and enterprise development, which were essential for growth and development.

23. While Governments retained the responsibility for creating conditions conducive to sustainable development, they recognized that market forces played a leading role in development. UNCTAD had adopted the necessary elements for reducing world trade transaction costs and expanding international trade. The proceedings of the Trade and Development Board reflected the new spirit of cooperation founded in Midrand. The Uruguay Round had created new opportunities for developing countries, and the ninth session of UNCTAD should help the least developed countries to become integrated into the world economy and play a significant role in WTO.

24. The European Union intended to participate in the WTO Ministerial Conference to be held in Singapore, which should be an occasion for countries members of WTO to: reaffirm their commitments, especially with respect to the least developed countries; make a clear commitment to completing negotiations on telecommunications, maritime transport and financial services on time; reaffirm the need to ensure that WTO rules and environment policies were mutually supportive; decide on a future work programme; deal with the issues of trade and investment, rules relating to international competition, new industrial tariff initiatives, the application of Government procurement rules and other rules and standards, accession of new members, development, and effective participation of developing countries in WTO; ensure the closer convergence of regional arrangements with the rules and objectives of the multilateral system; and address the role of trade liberalization in increasing living standards worldwide.

25. The European Union considered it important that the spirit of the Marrakesh Declaration should be kept alive. Trade should increase and stimulate investment, generate employment and promote income growth throughout the world. The Singapore Ministerial Conference should help strengthen WTO and enable it play a role in that process.

26. Mr. MARRERO (United States of America) said that healthy trade relations were essential for achieving sustainable development. History had shown that the pursuit of self-sufficiency was ruinously expensive. Similarly, protectionist policies that subsidized non-competitive enterprises should be abandoned.

27. It was generally acknowledged that economic globalization offered unprecedented opportunities in the area of trade and investment, while posing a daunting challenge, particularly for developing countries. The opening of a closed economy to competition required adjustments and sometimes entailed painful dislocations that in the short term could exacerbate inequality and unemployment. However, the rewards were great for those who persevered: better living standards for all, technological innovation and a proliferation of job opportunities. In order to benefit from trade liberalization, countries must adopt diverse measures at the national level - in particular, sound monetary and fiscal policies to help control inflation and keep exchange rates stable - and apply transparent regimes that encouraged entrepreneurship and investment. The removal of subsidies and other market-distorting mechanisms would allow a country's comparative advantages to emerge. Those were not easy measures to implement owing to the resistance that they caused. Nonetheless, significant progress was being made. The commitments and obligations arising from the Uruguay Round and the WTO agreements were central to efforts to expand global trading. His delegation supported the accession of new members to WTO and were assisting many of them to implement the liberalizing measures required for their admission.

28. The United Nations, through UNCTAD and WTO, must work together with the international financial institutions and with developed and developing countries to establish a strong and fair multilateral framework of rules. It was necessary to continue to assist developing countries to become more fully integrated into the global trading system.

29. At the ninth session of UNCTAD, member States had agreed unanimously that with a much sharper focusing of resources, UNCTAD could make a genuine contribution to meeting the needs of developing countries. Its programme of work should undergo a process of revision every four years that took account of the limited resources and focused on a few key topics. The selection of issues relating to the least developed countries to be given priority by all four sectoral divisions spelled the end of the marginalized status of those countries and favoured their integration into the global economy.

30. The ninth session of UNCTAD had seen the beginning of a worthwhile discussion of budget concerns. To make UNCTAD a productive organization, continued critical review of the programme of work and budget for the 1998-1999 biennium was essential. To do so, member States would need complete information presented in the most transparent possible format.

31. The Midrand Declaration suggested reallocating part of the savings resulting from improved overall cost-effectiveness to cooperation. That should be kept in mind in working to identify measures that would improve cost-effectiveness. The savings realized in the elimination of certain activities needed to be monitored and, where possible, reprogrammed to more productive tasks. The ninth session of UNCTAD heralded a new spirit of cooperation in which member States worked together with the UNCTAD secretariat to improve the organization's effectiveness. If UNCTAD was to play a useful role in assisting development, it must focus on those priority areas in which it had a comparative advantage. Member States now had the responsibility to ensure that its activities accurately reflected the priorities they had established at Midrand. The United States itself was deeply committed to playing a constructive role in that effort.

32. Mrs. HORMILLA CASTRO (Cuba) underscored the growing role of international trade in the development strategies and policies of the countries of the South. In an economy that was gradually being globalized, it was crucial to integrate the developing countries into international trade and to consolidate a multilateral trading system that would be open, transparent, just and stable.

33. UNCTAD must continue to conduct analyses and promote consensus, thus offering the developing countries the means with which to prepare themselves for negotiations being held in other forums and to re-examine their own development objectives.

34. Cuba took note with satisfaction of the outcome of the ninth session of UNCTAD, particularly the reform of its intergovernmental machinery on the basis of the Midrand negotiations, and the efforts made to modify the secretariat's structure in order to improve its efficiency.

35. Nevertheless it must be recognized that there were limits to reform, and UNCTAD must focus on implementing the Midrand Agreements and the programme of work of each of its commissions. There must be no further pressure to pursue the restructuring, and the organization must be given the wherewithal to perform its functions.

36. Cuba attached great importance to both the preparations for the first WTO Ministerial Conference and the Conference proper. Discussion must centre on the implementation of the Uruguay Round agreements, and particular attention must be given to the difficulties experienced by the developing countries in realizing the commitments undertaken on that occasion.

37. Barely a year after its establishment, WTO ought to complete consideration of the topics in its agenda before taking on new items, as urged by some of its members, which, under the pretext of protecting the environment or their alleged social concerns, had protectionist designs that were very far from the spirit of GATT.

38. Many countries were concerned by the fact that some nations were adopting laws with an extraterritorial scope. Not only were they contrary to the commitments made by WTO members but they seriously threatened the credibility of the rules under which the multilateral trading system operated.

39. Mr. FEDORTCHENKO (Russian Federation) said that his delegation supported the decisions taken by UNCTAD at its ninth session to reform its intergovernmental machinery and refocus its priorities in order to resolve issues having to do with the sustainable development of countries in need of assistance through the promotion of trade, investment and enterprise development. It was to be hoped that the restructuring of UNCTAD would facilitate the integration of the developing countries and of economies in transition into the world economy and the international trading system.

40. The UNCTAD decisions on strengthening cooperation with the World Trade Organization, the Bretton Woods institutions and other multilateral agencies, taking into account the comparative strengths of each and their complementary functions, were particularly important for an effective restructuring of UNCTAD activities. Welcome steps had been taken in that direction after Midrand, especially the agreements reached between UNCTAD and WTO on coordinating their activities in the areas of technical cooperation, investment and the environment. In that connection, the Russian Federation, as a country seeking to join WTO, noted with satisfaction the decision taken at the ninth session of UNCTAD to provide technical assistance to countries wishing to become members of WTO, especially by giving them a better grasp of the rights and obligations that came with accession. The expectation was that the decision would be implemented rapidly, for it affected the interests of almost 40 UNCTAD member States.

41. The restructuring of UNCTAD, which was still at the initial stages, was aimed at improving the effectiveness of that organization and making it more dynamic in order to meet the specific demands and needs of Member States. The effectiveness of the reforms should be evaluated some time later to determine whether some adjustments were required.

42. As part of the efforts by international organizations to facilitate trade, particular attention should be paid to the transit problems faced by the goods of landlocked countries. It was vital for such countries to be able to employ trade routes that would give their goods access to the world market. A number of organizations, including the United Nations and UNCTAD, were making efforts to improve the efficiency of transit infrastructures. His Government, for its part, would continue to facilitate the transit of goods from central Asia.

43. His country was encountering a number of difficulties in its foreign trade, particularly barriers that prevented the access of its goods and services to western markets. There were also difficulties of an administrative and technical nature, pertaining mostly to the country's insufficiently developed infrastructure in the area of services for foreign trade relations. Those problems were all the more worrying as the "foreign factor" had been playing an increasing role in the Russian economy for several years. Thus, while in the former Soviet Union the ratio of exports to the gross national product had been 5 to 6 per cent, it was now in the order of 30 per cent.

44. In that connection, he hoped that his country could count on increased assistance from the international organizations in order to strengthen its export capacity, improve its trade infrastructure and attract foreign investments.

45. Mr. YUAN Shaofu (China) said that the globalization and liberalization of the world economy had put new topics before the ninth session of the Conference. The issue was how to help countries at different stages of development to benefit to the greatest extent possible from that trend while avoiding the marginalization of the most vulnerable countries, and how to reform UNCTAD so that it could carry out its mandate in a more effective manner. While those questions had not been resolved, the debates had generated widespread attention from various countries.

46. While the trend towards globalization and liberalization had created opportunities for economic growth and development, it had at the same time presented serious challenges to the weak economies that found themselves at a disadvantage in that contest. The least developed countries, in particular, were in danger of being marginalized. The fact that the development of some countries had lagged behind constituted an obstacle to the development of the world economy. The Midrand Declaration acknowledged that imbalance and called for the establishment of a multilateral trading system based on mutual benefits and the strengthening of partnership. The international community should help the developing countries to formulate and implement practical programmes of economic reform and adjustment and to create a conducive environment for the development of the least developed countries.

47. UNCTAD was the only intergovernmental body within the United Nations system that considered trade and investment from the perspective of development in a comprehensive manner. It had always represented the interests of its member countries, especially the developing ones. However, certain countries were now trying to weaken or to abolish UNCTAD, in essence, to prevent developing countries from playing a role in the multilateral trading system. While the conclusion of the Uruguay Round and the establishment of the World Trade Organization had accelerated the development of a multilateral trading system, UNCTAD still had a key role to play in that matter and should continue to participate in the formulation of policies and rules governing global trade so that they could reflect the interests of all countries in a balanced manner. UNCTAD and WTO should establish ties of cooperation. Only in that way could UNCTAD play a positive role in a globalized world economy.

48. At the ninth session of the Conference, adjustments had been made in the institutional arrangement of UNCTAD in order to make it more focused on priority areas and give it greater flexibility in dealing with issues that called for urgent solutions. His delegation hoped that the organization would continue to help developing countries to play an active role in the globalized development of the world economy.

49. China was concerned that some countries were considering the possibility of negotiating a multilateral framework for investment on the basis of existing bilateral and multilateral agreements. UNCTAD should fully participate in that effort in order to ensure that the development objectives of developing countries would be duly taken into account. The conclusion of a framework agreement should reflect the interests of all parties in a balanced manner.

50. His delegation also hoped that the ministerial meeting of WTO to be held in Singapore would achieve positive results with respect to the implementation of

the Uruguay Round agreements, permit the strengthening of the multilateral trading system and make world trade more equitable.

51. Ms. ARYSTANBEKOVA (Kazakstan) said that all countries should strive to take concrete actions focused on major economic development issues. The countries of central Asia, for their part, gave great importance to securing access to world markets and to their integration into the world economy.

52. Referring to the report of the Secretary-General of UNCTAD (A/51/288), which contained a comprehensive analysis of the transit system for Central Asian countries, she recalled that, in resolution 49/102, the General Assembly had recognized that transit and transport problems were inhibiting economic and democratic progress in the central Asian region. In that regard, the UNCTAD report stressed that three basic elements had to be considered in order to respond to the needs of the States of that region, namely: the improvement of the existing transit and transport environment; the development of alternative transit routes; and the harmonization of the transit, laws and regulations of Kazakstan with those of the other countries of the region.

53. In November 1995, UNDP and UNCTAD had organized a Technical Meeting on Central Asia's Transit Transport links with World Markets held in Ankara. The Meeting had marked the first stage of the Central Asian External Trade and Transport Initiative, launched that same year by UNCTAD, in cooperation with UNDP, ESCAP and ECE, with the aim of reducing transit costs for Central Asian countries and thereby promoting their external trade and their economic growth.

54. The particular problems of landlocked and transit developing countries had been considered in various international forums. The General Assembly had proposed an approach aimed at improving cooperation arrangements between landlocked and transit developing countries and their neighbours, and encouraging the donor community to increase its support. Various meetings had been organized under the auspices of the United Nations in order to promote those arrangements, which constituted the framework for establishing effective transit and transport systems.

55. The harmonious integration of Central Asian countries in the world economy and their effective participation in global trade would require greater international support through technical cooperation programmes and studies on the special problems faced by landlocked countries. Such measures were certain to facilitate the implementation of market-based reforms and would contribute to the improvement of the international economic environment and the strengthening of global economic stability.

56. Mr. BETI (Observer for Switzerland) said that the ninth session of the Conference had marked a decisive stage in the context of the reform of UNCTAD. The final document adopted on that occasion outlined the main thrust of the programme of work and should form the basis for the work of the organization. The Secretary-General of UNCTAD, on the basis of the decisions taken, had already begun the restructuring of the secretariat, but the overall process of implementation would take time. Nonetheless, further reforms, which would be superimposed on the measures just decided, should not be required of UNCTAD.

The coherence of the reforms undertaken by UNCTAD and those of the United Nations system in general should also be ensured.

57. Switzerland was convinced that the States members of UNCTAD were moved by the desire to complete the reform process begun during the ninth session in order to make UNCTAD a major and irreplaceable institution in the field of multilateral cooperation for development.

58. Mr. SAAD (Tunisia) said that his country welcomed the consensus achieved during the Midrand session, which demonstrated the relevance of the basic principles that had led to the establishment of UNCTAD in 1964. The purpose of UNCTAD was to broaden the opportunities of its member States to create their own wealth; it covered such fields as financial questions, investment, technology and services, stressing an integrated approach to trade.

59. UNCTAD, whose role was irreplaceable, had concluded a global agreement on cooperation with WTO with a view to developing institutional ties on the basis of complementarity. Such cooperation could focus on, inter alia, the design of practical action-oriented approaches to help developing countries benefit from investment in order to increase their trade, the study of existing relations between trade and competition, and the environment. The two organizations could also develop multisectoral regional activities in common; in that connection, his delegation welcomed the priority accorded to Africa, which should benefit from a sustained technical cooperation programme in order to overcome its marginalization.

60. The two organizations should explore together questions linked to the implementation of the Marrakesh Agreement, particularly the impact of the Uruguay Round agreements, the specific problems of developing countries that were net importers of food, and new questions, in particular, investments.

61. The Ministerial Conference of the first session of the World Trade Organization, scheduled to be held soon in Singapore, should provide an opportunity to conduct an objective evaluation of the progress achieved in the effective implementation of the Marrakesh commitments and to review the difficulties encountered, particularly non-tariff barriers. The Conference should focus equal attention on the implementation of commitments and the consideration of new questions, it being understood that any new questions must be directly related to trade. During the Conference, a balance should be struck between the interests of developed and developing countries.

62. Mr. AMORIM (Brazil), speaking on behalf of the States members of the Common Market of the Southern Cone (MERCOSUR), Bolivia and Chile, welcomed the results of the Midrand Conference and the reforms planned for UNCTAD: the adoption of a more focused programme of work, the reform of its intergovernmental structure and of the structure of its secretariat, and the strengthening of its cooperation with other international institutions such as WTO. The Midrand consensus had reaffirmed the mandate of UNCTAD as the focal point within the United Nations system for the integrated treatment of issues relating to trade and development, including policy analysis, consensus-building and technical cooperation activities. It was important that the least developed countries should receive special attention. The States members of MERCOSUR were preparing

for the first Ministerial Conference of WTO, which would provide an opportunity to assess the implementation of the recommendations of the Uruguay Round and to take decisions with a view to consolidating the positive results of various agreements.

63. With regard to trade in agriculture, the Agreement on Agriculture of the Uruguay Round represented a first step towards the liberalization of the sector. Greater efforts must be made to promote the elimination of export subsidies and to establish regulations dealing with domestic support policies and greater access to the markets of developed countries.

64. One matter of concern was the relationship between trade and internationally recognized labour standards. He shared the views of the delegation of Singapore which, during the general debate in the Committee, had argued against the idea that the exports of the developing countries were responsible for high rates of unemployment in industrialized countries.

65. With regard to trade and the environment, it was deplorable that certain countries pleaded environmental concerns for protectionist purposes. The proliferation of environmental labels, which had damaging effects on international trade, was another matter of concern.

66. Open regionalism was an important factor in the growth of international trade. The States members of MERCOSUR had taken numerous initiatives to liberalize trade with their external partners and to create free-trade zones with several countries and groups of countries. That had already happened in the case of Chile and Bolivia and would soon apply to the Andean Group. One of the objectives of open regionalism was the establishment of a free-trade area of the Americas, in accordance with the mandate of the Miami summit meeting.

67. The United Nations and WTO should recognize the importance of regionalism, in particular for the developing countries. The regional commissions had the role of incorporating the regional dimension into the programmes and activities of the United Nations. UNCTAD could also play a positive role by analysing the various experiences and helping to establish linkages between the different regional processes involving developing countries. With respect to WTO, it was essential to preserve the mechanisms of GATT, which had provided momentum for the processes of regional integration, favoured increased trade flows, enhanced the markets and promoted competitive integration into the world economy.

68. Mr. BIØRN LIAN (Norway) said that some countries had been denied the advantages of the globalization of the economy and that it was for UNCTAD to address the problem of marginalization and to promote technical cooperation activities. To that end, it should work in close cooperation with WTO. The complementary relationship between UNCTAD and WTO was clearly spelt out in the final Midrand document. Cooperation was a two-way process and placed responsibility on both parties which should be open to each other's concerns in order to develop a truly complementary relationship.

69. Technical cooperation in the trade-related area must be increased and improved. That objective was within the competence of UNCTAD and of WTO and, to some extent, of the Bretton Woods institutions, and of other United Nations

specialized agencies. The parties involved in technical cooperation should ensure that their respective operational activities were compatible, thereby guaranteeing their effective implementation and avoiding any wasteful use of resources.

70. His country supported the proposal for a high-level conference with the participation of national and international agencies specializing in the development of the poorest countries, to be convened in Geneva in 1997. Such a conference would contribute to improving international cooperation and help define a common approach.

71. In conclusion, he said that his country welcomed the success of the ninth session of UNCTAD and of the streamlining of UNCTAD. Norway was committed to the implementation of the Midrand decisions. The process of implementation was already under way, but much remained to be done. The Member States should support the endeavours of the Secretary-General of UNCTAD so as to ensure that discussions focused on the needs of the developing countries and led to practical action.

72. Mr. MOON (Republic of Korea) said that the establishment of WTO had marked a watershed in the formation of a more free and open international trade regime, contributing to strong trade growth. Much, however, remained to be done in order to reach a consensus on the new issues, while preserving the spirit of free trade without imposing unfair disadvantages on vulnerable developing countries. It was to be hoped that the inaugural Ministerial Conference of WTO, scheduled for December 1996 in Singapore, would provide a means of finding common ground among the diverse approaches to those issues.

73. With respect to the liberalization of international trade, his country considered that WTO should ensure that regional trading arrangements evolved in an open, transparent and non-exclusive manner, and that they should ensure convergence of their activities towards the objectives of that organization. There was a pressing need for WTO to strengthen its oversight of regional blocs, bearing in mind that 60 per cent of world trade occurred within such arrangements or between countries that had agreed on a target date by which to achieve free trade.

74. With regard to the new issues, particularly trade, investment and competition, and to an interim agreement on government procurement, his country considered that the issue of labour standards should be dealt with in bodies other than WTO.

75. It should be kept in mind that the lower-income countries owed much of their impressive economic growth to the openness of the world economy, to trade strategies and to foreign investment-driven development policies. The capability of WTO to resist any return to protectionism by the developed countries should therefore be strengthened.

76. At its ninth session, UNCTAD had set new priorities and outlined a plan of action to guide the newly streamlined UNCTAD over the next decade. The documents adopted on that occasion underlined the fundamental role of UNCTAD as a forum providing an integrated view of the world economy from the perspective

of trade and development. It was important to strengthen the mandate of UNCTAD so that, in the context of the United Nations system, it could serve as a forum for discussion of all issues pertaining to those two areas, provide top quality policy research and analysis, facilitate the integration of the developing countries in the world economy and the international trading system, and encourage South-South cooperation in trade and investment.

77. His country welcomed the recent establishment of the global arrangement for cooperation between the United Nations and WTO as reported by the Secretary-General in document A/51/331. Closer cooperation between UNCTAD and WTO should also be encouraged.

78. Mr. ELTINAY (Sudan) said that, in common with all the least developed countries, the Sudan had suffered as a result of globalization and economic liberalization. As the developing countries were dependent on foreign trade, which was the main source of hard currency, their development had been severely affected by the continuing decline in export earnings owing to the low price of raw materials. The situation was further aggravated by the reduction in official development assistance, the protectionist measures taken by the developed countries and the fact that the programmes and funds established to help developing countries to diversify their exports were unable to fulfil their mandate because of lack of resources.

79. The Sudan had decided to liberalize its economy with a view to achieving positive growth rates, reducing inflation, overcoming the budget deficit and stimulating those sectors which contributed directly to development, yet without abandoning social development, the key objective of which was to eradicate poverty.

80. The Sudan had embarked on the process of liberalization by organizing a national economic conference, at which it had determined the main direction of the liberalization policy, in particular the elimination of export tax, control of public expenditure and reduction of the money supply. The conference had also made recommendations concerning food security and the development of agriculture and industry.

81. Despite their structural adjustment policies, the least developed countries had achieved no practical results. With a view to ensuring that they were not further marginalized following signature of the agreements resulting from the Uruguay Round of multilateral trade negotiations, the international community should guarantee implementation of the obligations undertaken in that respect and provide technical assistance to the developing countries in order to strengthen their services sector and enable them to play a role in the new international economic order. It should also ensure implementation of the Marrakesh ministerial decisions on measures in favour of the least developed countries, take the necessary action to ensure that exports from developing countries reached the global markets and support the efforts of African countries aimed at diversifying their commodities.

82. The Sudan was currently negotiating with the World Trade Organization (WTO) with a view to becoming a member and determining the potential consequences of such membership. His delegation hoped that the Singapore Ministerial Conference

would meet the expectations of the developing countries concerning the establishment of a new international economic order.

83. Mr. APTSIAURI (Georgia), referring to the modernization of transport in Central Asia and the neighbouring area, said that the issue was an extremely important one for his country, which was located at the crossroads of the Asian and Western European marketplaces. It concerned restoration of the ancient "silk route", which led from China to Europe through the Caucasus and had always played a significant role in the region's business activity. The renewal of that route and other transit exits would also facilitate integration of the region into the world economy, as well as the further development of market-oriented transformations.

84. The negotiations between the Government of Georgia and those of the countries of the Caucasus and Central Asia concerning the creation of a Euro-Asian corridor had culminated in the finalization of a realistic project, which could be regarded as an integral part of the regional transport system. Implementation of the project would require increased technical and financial support from the donor community and relevant international organizations.

85. Mrs. ULLOA (Ecuador) said the development model followed in Ecuador was based on the development of production activities linked to foreign trade. It was therefore important to ensure the growth of that sector. A key element in the consolidation of the reform process was the opening up and transparency of international markets. While there were no strict criteria in that regard, it would be extremely difficult for countries such as Ecuador to attain their objectives of achieving development and combating poverty.

86. In addition to international finance and cooperation, her Government attached great importance to the activities of the United Nations Conference on Trade and Development (UNCTAD), as well as to the outcome of the Uruguay Round, the liberalization of international trade, the forthcoming Ministerial Conference of WTO in Singapore, services and investments, the links between trade and the environment and trade protectionism. Ecuador's joining of WTO in January 1996 was proof of its positive attitude towards globalization and economic liberalization.

87. The imbalances between rich and poor countries were evident in three main areas, namely, poverty, technological backwardness and access to sources of finance. To remedy the situation, effective and complementary national and international policies should be devised.

88. Ecuador supported the new mandate conferred upon UNCTAD at its ninth session. As an organization responsible for trade and development issues, it had a comparative advantage and should respond to the needs of the developing countries with a view to ensuring that they participated more equitably in the global economy.

89. Analysis and research conducted by UNCTAD should highlight the development of the global economy in regard to trade, investment, technology, services and development to help formulate policies and to allow for constructive dialogue among member States. By developing technical cooperation, the United Nations

system, through UNCTAD, would strengthen its cooperation and coordination with WTO and other multilateral institutions.

90. Mr. RICUPERO (Secretary-General of UNCTAD), referring to the various points raised during the meeting, emphasized that the experience which UNCTAD had acquired was the result of significant cooperation between member States and the secretariat.

91. He said that, having lost his voice, he was obliged to cut short his statement.

92. Mr. SINYINZA (President of the Trade and Development Board), referring to the main points raised by the previous speakers, noted the belief of most delegations that UNCTAD should pursue its analytical work. Concerning the question of the respective spheres of competence of WTO and UNCTAD, the two organizations should strengthen their cooperation, as well as the coordination of their activities. As for the Singapore Ministerial Conference, it should allow developing countries, particularly the least developed among them, to express their interests and concerns. With regard to membership in WTO, UNCTAD would help countries wishing to join the organization to evaluate their economic situation. Economic globalization and trade liberalization were likely to result in the marginalization of a number of developing countries if they were not supported. On the question of reform, he recalled that UNCTAD had introduced substantial changes which it intended to pursue, particularly in the field of service benefits to member States.

93. Commenting on the fear of conflicting interests between regional agreements and multilateral mechanisms, he said that UNCTAD should assess the impact of such agreements on those mechanisms. The two organizations should also divide tasks with a view to avoiding a duplication of efforts.

The meeting rose at 12.40 p.m.